

ORIGINAL



0000179727

Timothy M. Hogan (004567)
ARIZONA CENTER FOR LAW
IN THE PUBLIC INTEREST
514 W. Roosevelt Street
Phoenix, Arizona 85003
(602) 258-8850
thogan@aclpi.org
*Attorneys for Arizona Community
Action Association*

Arizona Corporation Commission

DOCKETED

MAY 17 2017

DOCKETED BY

RECEIVED
AZ CORP COMMISSION
DOCKET CONTROL

2017 MAY 17 P 3:04

BEFORE THE ARIZONA CORPORATION COMMISSION

TOM FORESE, Chairman
BOB BURNS
DOUG LITTLE
ANDY TOBIN
BOYD W. DUNN

IN THE MATTER OF THE APPLICATION OF
ARIZONA PUBLIC SERVICE COMPANY FOR
A HEARING TO DETERMINE THE FAIR
VALUE OF THE UTILITY PROPERTY OF THE
COMPANY FOR RATEMAKING PURPOSES,
TO FIX A JUST AND REASONABLE RATE OF
RETURN THEREON, TO APPROVE RATE
SCHEDULES DESIGNED TO DEVELOP SUCH
RETURN.

Docket No. E-01345A-16-0036

IN THE MATTER OF FUEL AND
PURCHASED POWER PROCUREMENT
AUDITS FOR ARIZONA PUBLIC SERVICE
COMPANY.

Docket No. E-01345A-16-0123

**INITIAL BRIEF OF THE ARIZONA
COMMUNITY ACTION
ASSOCIATION**

Arizona Community Action Association (ACAA) intervened in this case to ensure that
low-income customers in Arizona had a voice in these proceedings, a voice that is often unheard.

1 Nearly one in five Arizonans are in poverty. Nearly a million Arizonans are on SNAP (formerly
2 food stamps), including over 400,000 children.¹

3 The energy burden for low-income households is much higher than the energy burden for
4 the average customer. The energy burden for the average consumer is 3%, while the energy
5 burden for households below the poverty line is 14%, nearly five times higher, and for those at or
6 below 50% of the poverty line, 19%. That means nearly one in five of the dollars of the house's
7 income is needed just to keep the lights on. In this circumstance, choosing which necessity to
8 pay for - food, rent, transportation, medicine - is an impossible choice.

9 In this situation, federal assistance just doesn't cover it. The Low Income Home Energy
10 Assistance Program (LIHEAP) served 26,500 households in Arizona last year.² Even then, that
11 only represents 4.6% of the eligible homes receiving assistance. Clearly, if low-income
12 customers are to be able to afford their energy bills, greater help is needed.

13 The APS rate case settlement provides substantial assistance to make electricity bills
14 more affordable for those least able to pay for them. Increasing the low-income discount and
15 low-income medical discount will make bills more affordable for low-income customers. For a
16 family of three at the poverty level in the test year, this will decrease the average energy burden
17 from 8.1% to 6.0%. As was stated in direct testimony, a 6% energy burden is generally
18 considered to be affordable; in this case, the discount has allowed someone with a previously
19 unaffordable bill to now be able to better afford it.

20 In addition to the low-income discount, the rate design approved in the settlement is a
21 marked improvement over the rate design in the initial application. First of all, there are no
22 mandatory demand charges. Mandatory demand charges would have caused confusion,
23

24 ¹ <https://des.az.gov/documents-center>

25 ² <https://liheapch.acf.hhs.gov/profiles/Arizona.htm>

1 volatility, and bill inflation, all of which are avoided by giving customers the choice to enroll in a
2 demand charge rate or not. Additionally, the fixed charges are much lower than originally
3 proposed, with the R-XS fixed charge decreasing from \$18 per month to \$10 per month, a 44%
4 decrease. Lower fixed charges give customers more control over their bills, being able to reduce
5 usage through conservation. Additionally, high fixed charges affect low-income customers
6 especially hard; because the average low-income customer uses less energy than the average
7 non-low-income customer, their bill is usually smaller. Decreasing the fixed charge is of great
8 benefit to low-income customers who will now be able to better manage their total bills.

9 The rate design and low-income discounts help low-income customers with day-to-day
10 affordability issues, but they don't do much to help a customer in crisis. Fortunately, this was
11 considered in the settlement, with APS agreeing to pay \$1.25 million in crisis bill assistance per
12 year. This will allow ACAA to help thousands of customers experiencing a hardship rendering
13 them unable to pay their APS bill. Providing consistent funding from year to year ensures the
14 availability of assistance for customers in crisis for several years.

15 In addition to rate discounts and crisis bill assistance, the settlement provides solar to
16 low-income households through the AZ Sun program. The AZ Sun program will provide the
17 option to "go solar" for thousands of low-income customers who never previously had the
18 opportunity. Not only will they experience the satisfaction of having solar on their roofs, it will
19 also provide a much needed financial benefit. With a credit up to \$600 per year, going solar will
20 make electricity bills much more affordable for vulnerable customers.

21 The settlement was a fair and open process, where all parties had the chance to be heard.
22 ACAA attended the majority of the settlement meetings and was able to participate fully in the
23 development of the settlement proposal. ACAA believes this is a reasonable outcome to the
24 negotiation that has been conducted in good faith between the parties in this case.

1 ACAA believes this settlement agreement represents a just and reasonable outcome for
2 APS's low-income customers and deserves the Commission's approval.

3 DATED this 17th day of May, 2017.

4 ARIZONA CENTER FOR LAW IN
5 THE PUBLIC INTEREST

6 By 


7 Timothy M. Hogan
8 514 W. Roosevelt Street
9 Phoenix, Arizona 85003
10 *Attorneys for Arizona Community*
11 *Action Association*

12 ORIGINAL and 13 COPIES of
13 the foregoing filed this 17th day
14 of May, 2017, with:

15 Docketing Supervisor
16 Docket Control
17 Arizona Corporation Commission
18 1200 W. Washington
19 Phoenix, AZ 85007

20 COPIES of the foregoing
21 electronically mailed this
22 17th day of May, 2017, to:

23 All Parties of Record

24 
25